

CENTER CITY REPORTS

# CENTER CITY PHILADELPHIA RETAIL

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DISTRICT

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CORPORATION



**An expanding job base and a dramatic increase in Center City residents has attracted 90 national retailers in the last five years.**



# Center City

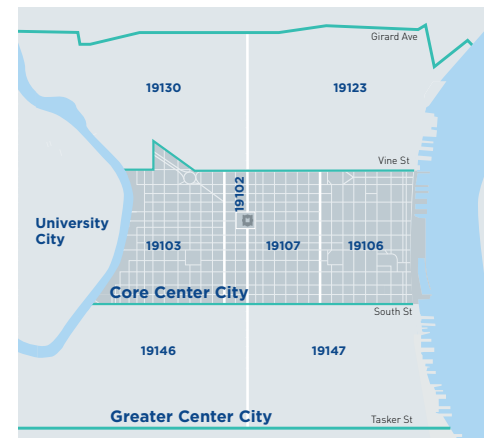
## A National Retail Destination

Center City's flourishing retail scene builds on more than two decades of mixed-use development, with residential, convention and tourism growth broadening the historic base of retail customers provided by the office sector and education and medical institutions. Today, 307,600 workers, 193,000 residents, 3.5 million occupied hotel room nights and 112,000 college students combine to create more than \$1 billion in retail demand annually.

A dramatic increase in well-educated and affluent Center City residents since 2000 has attracted more than 90 national retailers in the last five years. These stores supplement a strong base of local boutiques and independents, enhancing Philadelphia as a national retail destination and bringing customers downtown from across the city and region.

Greater Center City has become the fastest growing residential section of Philadelphia accounting for 25% of all in-movers to the city since 2010. Forty percent of residents living in this area work downtown; another 11% work in

adjacent University City; 62% get to work without a car; and 38% of those in the core walk to work each day, passing hundreds of retail and restaurant establishments. As a result, 2 million square feet of new retail was either recently completed or is under development at the end of 2019, including more than 1 million square feet in the Fashion District Philadelphia and East Market developments, expanding Philadelphia's prime retail district. Both local and national developers continue to add major new office, hotel and residential projects valued at more than \$6.8 billion.<sup>1</sup>



The four ZIP codes between Vine and Pine streets are referred to in this report as "Core Center City" and the surrounding neighborhoods in the four adjacent ZIP codes are termed "Extended Center City." Together they form "Greater Center City."

**Center City is the only place in the region where retailers can access a high concentration of office workers, residents, tourists, and college students all in one compact, walkable location.**

<sup>1</sup>: According to Center City District's report, "Center City Philadelphia Developments 2019," as of September 1, 2019, there were 62 projects between Fairmount and Washington avenues that were either completed, under development or in the planning stages in 2018-2019. Of those, 41 projects were completed or under construction, representing \$5.8 billion, and another 21 were planned or proposed, representing an additional \$1 billion investment in Center City.



MICHAEL PERSICO

# Retail Market Snapshot

While Center City is feeling the pressures that affect retail districts globally, vacancy on prime retail corridors in Center City remains low at 5.9%,<sup>2</sup> sustained by downtown's desirable demographic, rich in highly-educated millennials and affluent empty nesters. By comparison, in Q2 2019 retail vacancies hit 10.1%<sup>3</sup> nationally and 8.4% regionally.<sup>4</sup>

Globally, retailers are challenged by the need to find the right mix of online and brick-and-mortar locations, while creating unique environments that bring shoppers into stores. But those who find the right balance and create unique and memorable in-store experiences are thriving. Center City's density, diversity

and walkability create opportunities for retailers seeking to capitalize on demographic patterns favoring urban cores in America.

While in-store retail sales are down in certain market segments nationally, Center City is benefitting from all the categories and retail concepts that are expanding nationally. These include grocery, home and garden, wellness and beauty, food and beverage, value/outlet and online retailers opening brick and mortar locations.<sup>5</sup> In particular, Center City has experienced strong growth in boutique fitness, quick service restaurants, and click-to-brick tenants over the past five years.<sup>6</sup> Successful brick and

mortar retailers are attracting customers by adding in-store technology, customized merchandise, local and sustainable goods, highly personalized service and food and beverage components to their in-store experience.

Recently, as rents on West Walnut Street increased, both local and national retailers began migrating to adjacent streets, transforming West Chestnut Street and connecting numbered streets, expanding Philadelphia's prime retail district. The latest tenants to announce an address in this area include a diverse array of experience-oriented retailers including Heyday, Rumble Boxing, The Candle Bar, Planet Fitness, Champion and LoveSac.

Limited space and strong demand from brands seeking to enter the Center City market have led retailers beyond Rittenhouse Square locations, driven by increasing residential density and new construction (see map on page 6). Retailers requiring larger floor plates are signing leases in major developments like East Market and Fashion District Philadelphia. Current and future tenants

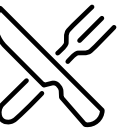
include DSW, H&M, Levi's, Nike, TJ Maxx, Ulta, City Fitness, AMC Theatres, City Winery, Iron Hill Brewery & Restaurant, P.J. Clarke's, Shake Shack, Candytopia and Federal Donuts.

Center City's 978 retailers include 203 apparel stores, 155 jewelry stores, 140 food and drink retailers, 117 home and garden establishments and a wide variety of service providers catering to the needs of downtown workers and residents. One of the top dining destinations in the country, Center City's 1,058 food establishments include 482 full-service restaurants and 360 quick service establishments. While national retailers have grown significantly over the past few years, a diverse array of local proprietors make up 76% of the downtown tenant mix. With 436 outdoor seating locations animating sidewalks, Center City continues to enjoy an increase in sidewalk vibrancy and activity.<sup>7</sup>

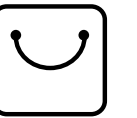
**Center City has experienced strong growth in fitness and wellness boutiques, quick service restaurants and online retailers who are opening brick and mortar stores.**

## CENTER CITY STOREFRONTS, 2019

**1,058**  
Eating & Drinking Establishments



**978**  
Retailers



**1,230**  
Service Providers



## CENTER CITY RETAILERS, 2019



- 203** Apparel
- 155** Jewelry/Watches
- 140** Food/Drink
- 117** Home/Garden
- 101** Beauty/Health/Fitness
- 73** Art/Collectibles/Hobbies
- 58** Electronics
- 37** Automotive
- 25** Optical
- 17** Music/Video/Video Games
- 15** Book Store
- 12** General Merchandise Store
- 11** Office Supplies & Stationery
- 9** Pet
- 5** Other

Source: Retail Survey 2019, Center City District

<sup>2</sup>: This refers to vacancy rates for Walnut and Chestnut streets from Broad to 20th Street and was calculated using the CCD's annual retail survey, which was conducted in the summer of 2018.

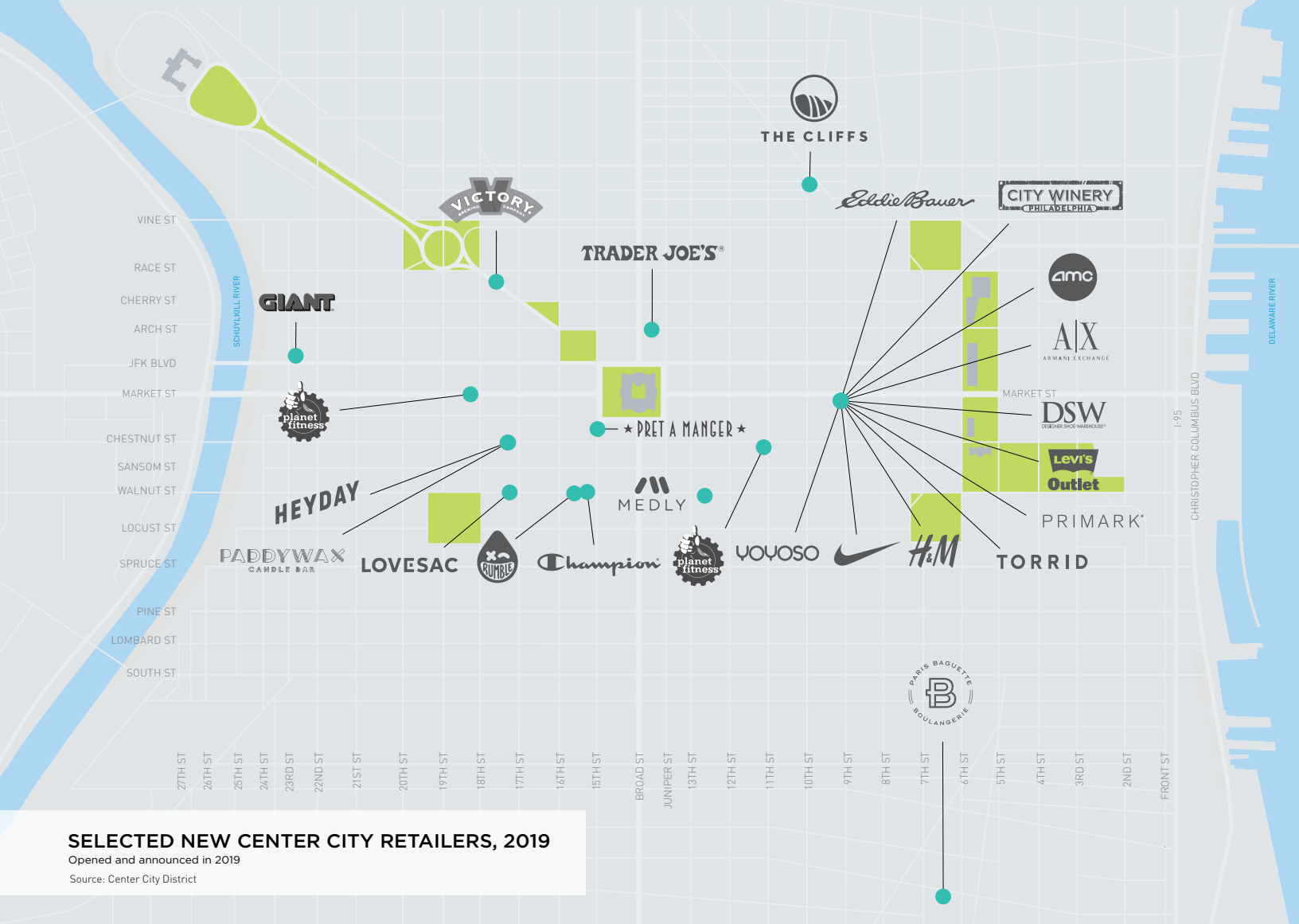
<sup>4</sup>: Colliers International

<sup>5</sup>: US Census Bureau's Retail Trade Report

<sup>6</sup>: Retail Survey 2019, Center City District

<sup>3</sup>: Reis Inc.

<sup>7</sup>: Center City District's report, *Outdoor Seating 2019*, documented 361 food establishments with café seating and 75 other outdoor seating locations, including plazas, in the core of the downtown.



**SELECTED NEW CENTER CITY RETAILERS, 2019**

Opened and announced in 2019

Source: Center City District

**TRADE AREA KEY FACTS**

RESIDENTS	CORE CENTER CITY	GREATER CENTER CITY
Population (2017)	65,822	190,416
Households (2017)	36,997	90,713
Aggregate Income*	\$3,531,823,900	\$8,309,570,100
Average Household Income*	\$121,408	\$111,309
% of Population Millennial (ages 20-34)	48%	42%
Children Born in 2017	422	2,223
% Population with a Bachelor's Degree or Higher	77%	63%
Average Home Sale Price	\$621,971	\$440,622
Housing Units Completed (2017)	955	2,810
VISITORS		
Total Wage & Salary Jobs (2017)	254,579	298,612
Payroll (2016)	\$14,281,559,000	\$15,883,432,000
Square Feet of Office		45,781,365
Office Occupancy		87%
EMPLOYMENT		
Hotel Rooms		12,283
Hotels		57
Occupied Hotel Room Nights (2018)		3,560,000
Hotel Occupancy (2018)		79.6%
EDUCATION		
Institutions of Higher Learning	13	14
Total Enrollment	16,686	34,812

**DOLLARS OF DEMAND OF SHOPPERS' GOODS**

Office Workers	\$143,691,785	\$157,159,592
Other Workers	\$60,630,634	\$79,546,897
Total Workers	\$204,322,419	\$236,706,489
Residents	\$126,378,240	\$365,598,720
Overnight Visitors	\$417,772,256	\$417,772,256
<b>TOTAL DOLLARS OF DEMAND</b>	<b>\$748,472,915</b>	<b>\$1,020,077,466</b>

**CENTER CITY ATTRACTIONS & LEISURE**

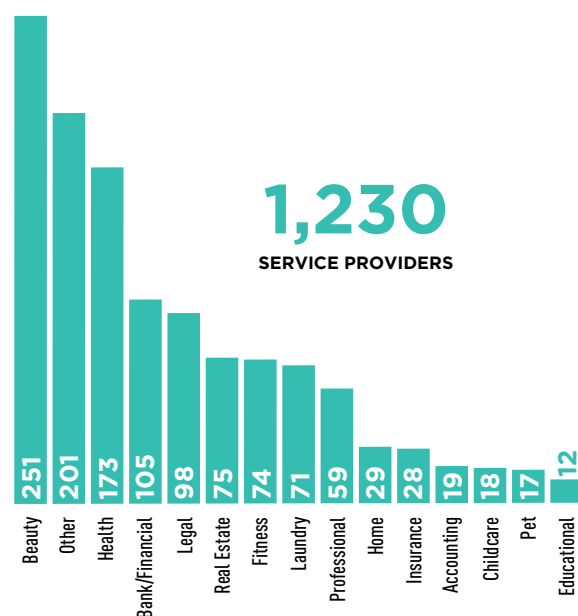
Arts & Culture Organizations	354
Retailers	978
Food Establishments	1,058

**TRANSPORTATION**

Philadelphia International Airport (average annual travelers)	31.7 million
Amtrak 30th Street Station (average annual travelers)	4.4 million
Center City transit stations (average weekday ridership)	300,000

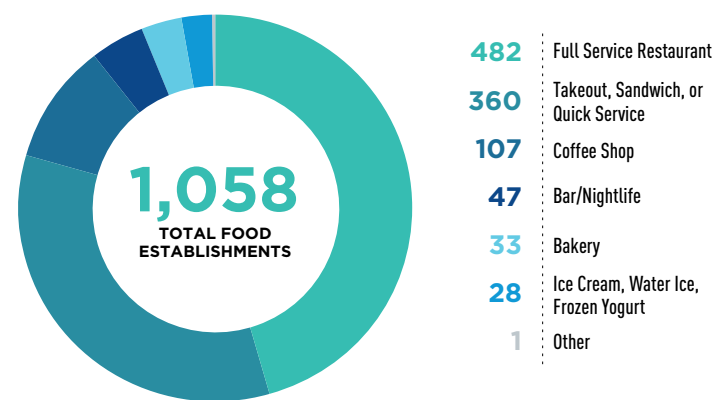
\*CPI Adjusted  
 Job Market Source: OnTheMap, Local Employment Dynamics Partnership, US Census Bureau  
 Residential Market Source: U.S. Census Bureau, American Community Survey 2012-2016  
 Visitor Market Source: PHLCVB and Visit Philadelphia  
 Office Market Source: Newmark Knight Frank  
 Arts & Culture Source: National Center for Charitable Statistics DataWeb, provided by Greater Philadelphia Cultural Alliance  
 Retail Source: Retail Survey 2019, Center City District  
 Total dollars of demand for each market segment are CCD calculations based on retail industry standards.

**CENTER CITY SERVICE PROVIDERS, 2019**



Source: Retail Survey 2019, Center City District

**CENTER CITY FOOD ESTABLISHMENTS, 2019**



**Center City has 482 full-service restaurants concentrated downtown**

# Demand Drivers:

## 1) Residents

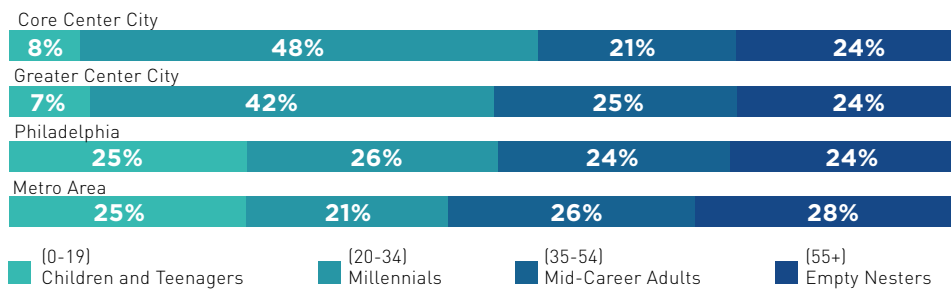
Demand for retail is driven by steady growth in Greater Center City in the residential communities that surround the central business district from Tasker Street to Girard Avenue, river to river. Since 2000, the population in this area has increased 22%, to 193,000, as well-educated workers choose to live close to office, university and health-service employers and take advantage of the broad array of cultural, entertainment and dining options. Residents of these neighborhoods generate more than \$365 million in retail demand. With household incomes averaging more than \$110,000 and 63% of residents holding at least a bachelor's degree, Greater Center City's purchasing power continues to increase.

Millennials entering their peak consumer-spending years<sup>8</sup> represent 42% of Greater Center City's population, rising to 48% in the core. As a result, Center City has seen an influx of food and beverage, wellness, value, click-to-brick and experiential retail concepts, reflecting the preference for spending more money on experiences that augment consumer goods.

Residential growth and purchasing power has also been driven by an increase in the number of young families choosing to live downtown. Since 2000, more than 37,900 children were born to Center City parents and 19% of households in the extended downtown neighborhoods now include school-age children. This trend is expected to continue as millennials age, settle down and choose to raise children in the city. Many families are choosing to



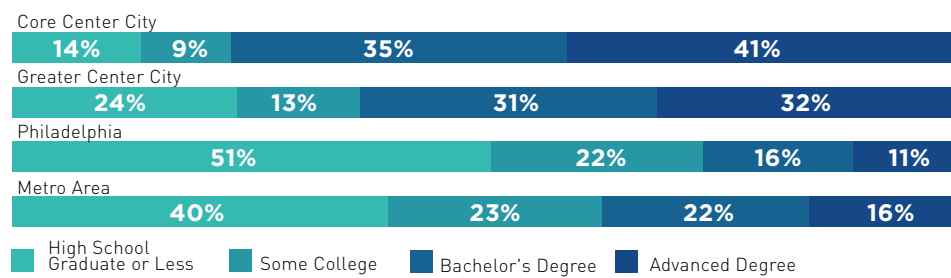
### POPULATION BY AGE



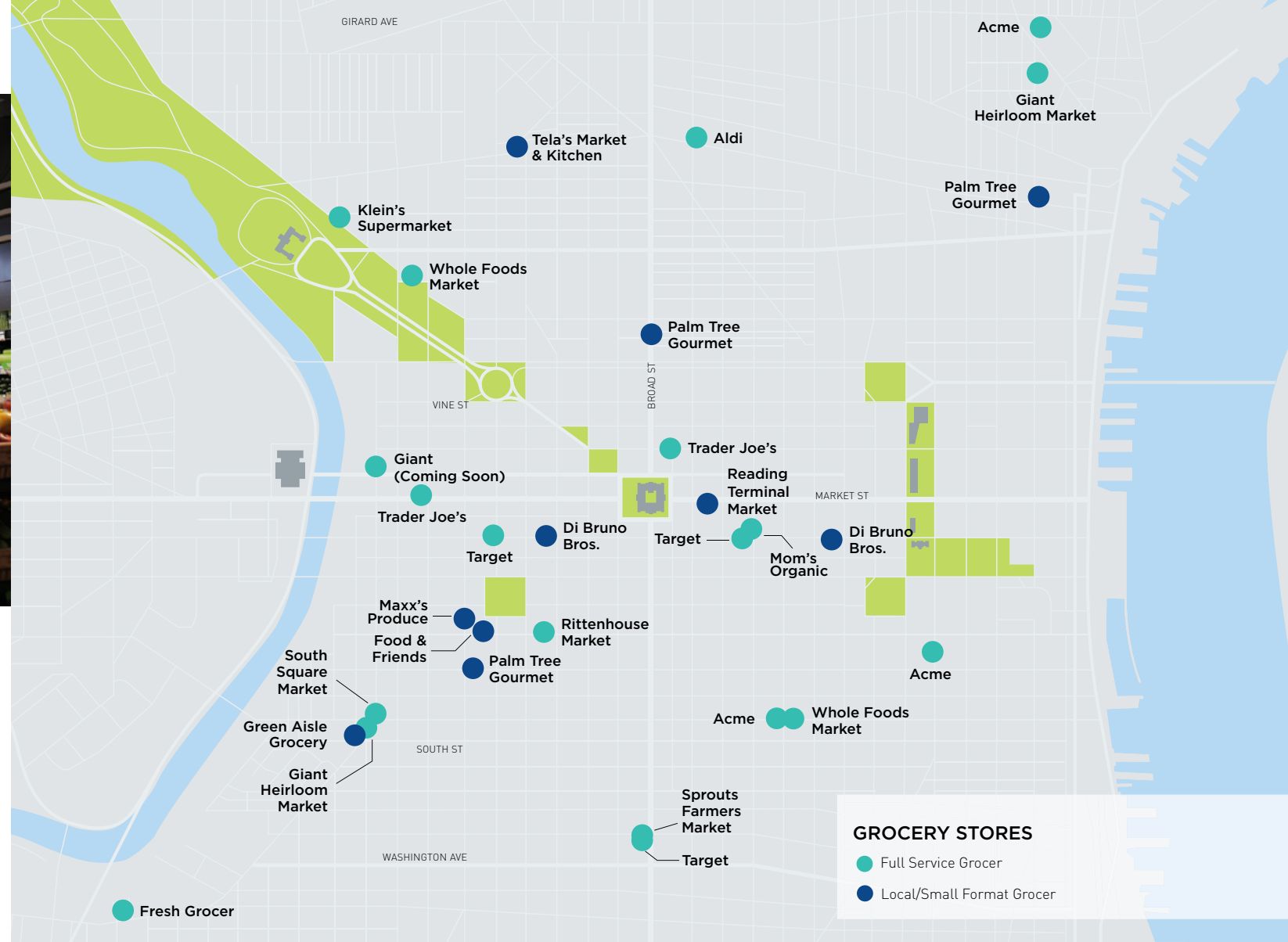
Source: U.S. Census Bureau, American Community Survey 2013 - 2017

**48%**  
of core Center City's population are millennials entering their peak consumer spending years.

### EDUCATIONAL ATTAINMENT, POPULATION 25 AND OLDER



Source: U.S. Census Bureau, American Community Survey 2013 - 2017



move to the more affordable residential neighborhoods surrounding the core, extending the boundaries of the downtown and driving large-scale development and retail leases in these areas. There is a distinct opportunity for children's retailers and child-oriented service providers to meet growing demand for children's merchandise, given the scarcity of this type of retail in Center City.

Affluent empty-nesters are also moving back into the city at a growing rate, now representing the second largest generational cohort enjoying downtown living in the core. No longer needing the large suburban house and tiring of auto-commuting, they are drawn to high-end, full-service condominium or rental units

and the convenience of being close to Center City's cultural institutions, entertainment and dining options.

### New Residential Development Supports Grocers

The increasing residential population downtown has led to a greater number of grocery stores locating in Center City. Joining long-term providers like Acme and Whole Foods, new grocers include a second Trader Joe's, Giant's first full size store in Center City, Aldi and Sprouts Farmers Market.

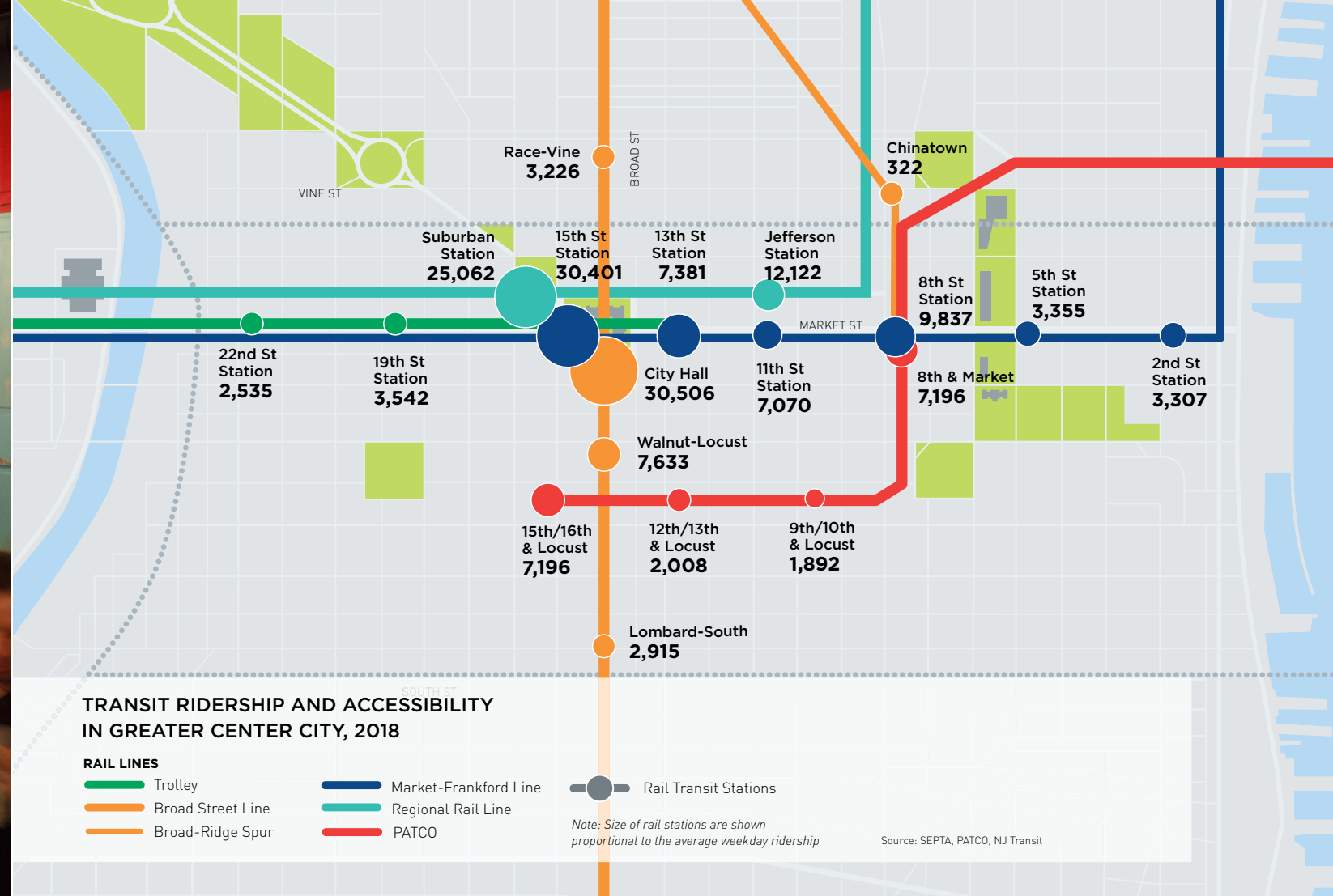
Increasingly, grocery stores in Center City are focusing on fresh, local goods. Larger grocery stores like Giant, Aldi, Whole Foods and Sprouts are anchoring large

new residential developments across Greater Center City. Small format grocers and specialty stores like Di Bruno Bros. are occupying smaller spaces in existing buildings to serve as neighborhood-style stores for goods that large supermarkets may not stock. In the last three years, Greater Center City has welcomed Mom's Organic Market and Sprouts. The first full-size, 65,000 sf downtown location for Pennsylvania supermarket chain Giant has been announced and is currently under construction as well. Across Greater Center City, 20 full service grocery stores are either open or under construction. An additional 10 local, small-format grocers make for a total of 30 stores in the downtown including the landmark Reading Terminal Market.

<sup>8</sup> In its report, *Millennials: Coming of Age in Retail*, Goldman Sachs estimates millennial spending in apparel will increase by 20%-25% in the next five years.



MATT STANLEY



## 2) Workers

Downtown Philadelphia is a dense and diverse employment center, where 42% of all Philadelphia jobs are concentrated. Center City houses more than 307,600 workers, including 9,500 freelancers and those compensated as partners. With 43.5 million square feet of commercial office space, Center City is the largest central business district in the region, and the ninth largest in the country. Greater Center City workers generate more than \$236 million in retail demand and \$15.8 billion in payroll annually.

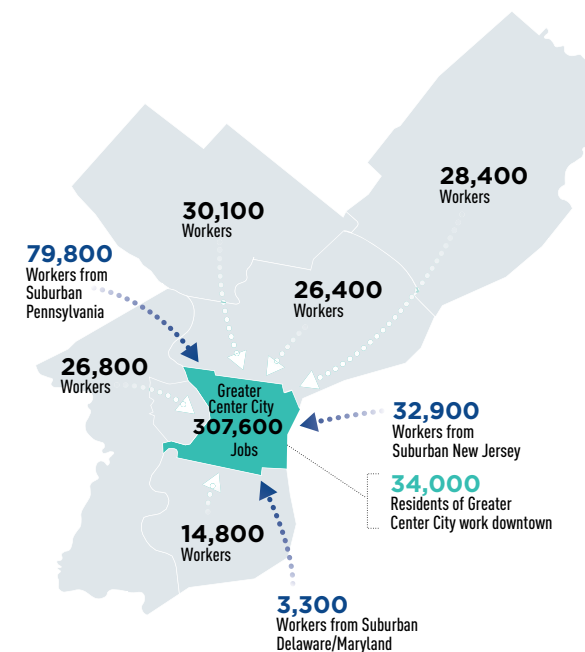
Philadelphia's central business district has a diverse employment base, with 40% in office sector jobs, 20% in education and healthcare, 16% in entertainment, leisure and hospitality and 12% in public administration. Thirty-seven percent of Center City workers have a bachelor's degree

or higher, while a third have an associate's degree. Employers from around the region are opening offices in Center City, or renting coworking space to access downtown's young, educated workers.

Center City's dense concentration of employment is made possible by a multimodal transit system that brings more than 300,000 passengers downtown each day and enables 116,000 residents from the surrounding counties in Pennsylvania, South Jersey and Delaware to work in Center City. Downtown Philadelphia's draw as the largest employment center in the region significantly increases the reach of Center City's trade area by including residents from the entire region who work in the central business district, making it a desirable location for retailers seeking to reach both downtown and suburban residents.

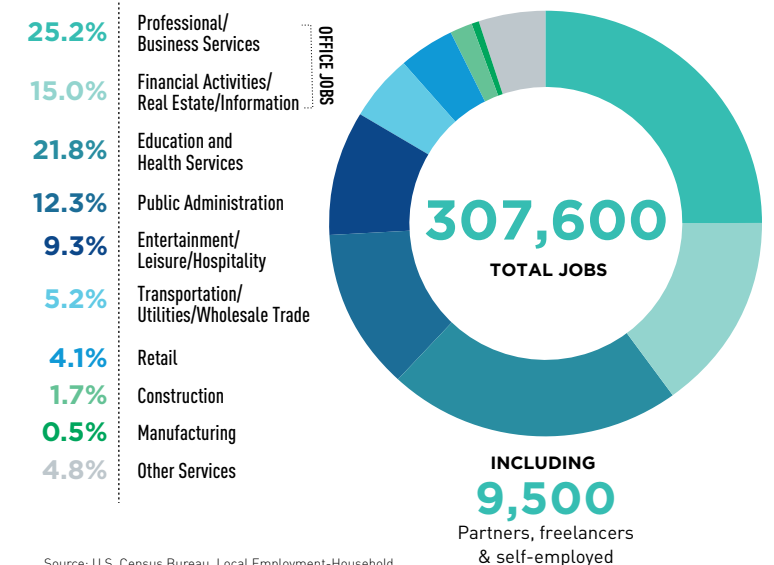
**Greater Center City's 307,600 workers collectively earn almost \$16 billion per year.**

### NUMBER OF NEIGHBORHOOD AND REGIONAL RESIDENTS WHO WORK DOWNTOWN



Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015; Bureau of Labor Statistics, Current Employment Statistics 2017, CCD Estimates

### GREATER CENTER CITY WAGE & SALARY EMPLOYMENT



Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015; Bureau of Labor Statistics, Current Employment Statistics; CCD Estimates



CHRISTIAN HORAN

### 3) Visitors

With more than 1.2 million convention and trade show attendees, 4.5 million visitors to the historic area and a record 3.5 million occupied hotel room nights in 2018, visitors to Center City augment residential and employee retail demand in the downtown. Strong attendance numbers at Philadelphia's historic sites and the Pennsylvania Convention Center are attracting more retail development to Independence Mall and the Market East retail corridor.

A record-breaking 45 million domestic visitors came to the region in 2018, with a majority coming from the New York DMA, Philadelphia DMA and Washington, DC DMA.<sup>9</sup> Domestic visitors to the region are well-educated (68% having some

college or higher) and affluent (25% of leisure visitors have household incomes over \$100,000).<sup>10</sup> Total visitor spending in the region totaled \$7.6 billion, with 42% spent on food and beverage and retail consumption.<sup>11</sup> Internationally, 648,100 visitors came from overseas to the Philadelphia region in 2017, with the highest proportions coming from the United Kingdom (16.1%), China (11.7%) and Germany (8.8%).<sup>12</sup>

In 2018, Center City saw 15.5 million overnight leisure visitors, an increase of 3.2% over the previous year, which together with continued convention and tradeshow visitation, helped increase downtown hotel occupancy rates to 79.6% in 2018.<sup>13</sup> Overnight tourists are likely to spend more at restaurants and retailers and help account for the strong retail

demand created by tourists in Center City – overnight visitors create more than \$417 million in retail demand within the core of the downtown, 43% of all retail demand within this area.

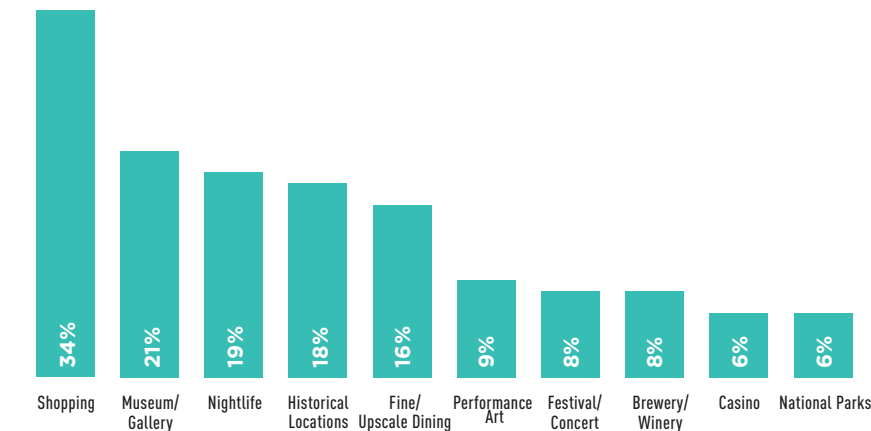
Increasing demand in Center City is driving seven hotel projects that will expand downtown supply to more than 14,000 rooms by 2021. The W Hotel, Element by Westin, Hyatt Centric, Mainstay Suites, Comfort Inn, Canopy by Hilton are all under construction, with the Marriott AC still in the planning phases. These will join the recently opened Aloft Hotel, Cambria Hotel & Suites, Fairfield Inn & Suites, Four Seasons, Pod Philly and The Notary, part of Marriott's Autograph Collection.

9: Longwoods International/Tourism Economics for Visit Philadelphia  
10: Longwoods International/Tourism Economics for Visit Philadelphia

11: Longwoods International/Tourism Economics for Visit Philadelphia  
12: Tourism Economics Global Cities Travel – Provided by the Philadelphia Convention & Visitors Bureau

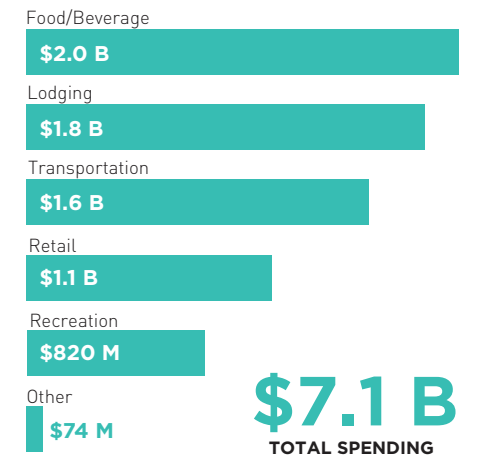
13: STR Inc. for Visit Philadelphia

### OVERNIGHT LEISURE VISITORS TO THE REGION: TOP 10 VISITOR ACTIVITIES, 2018



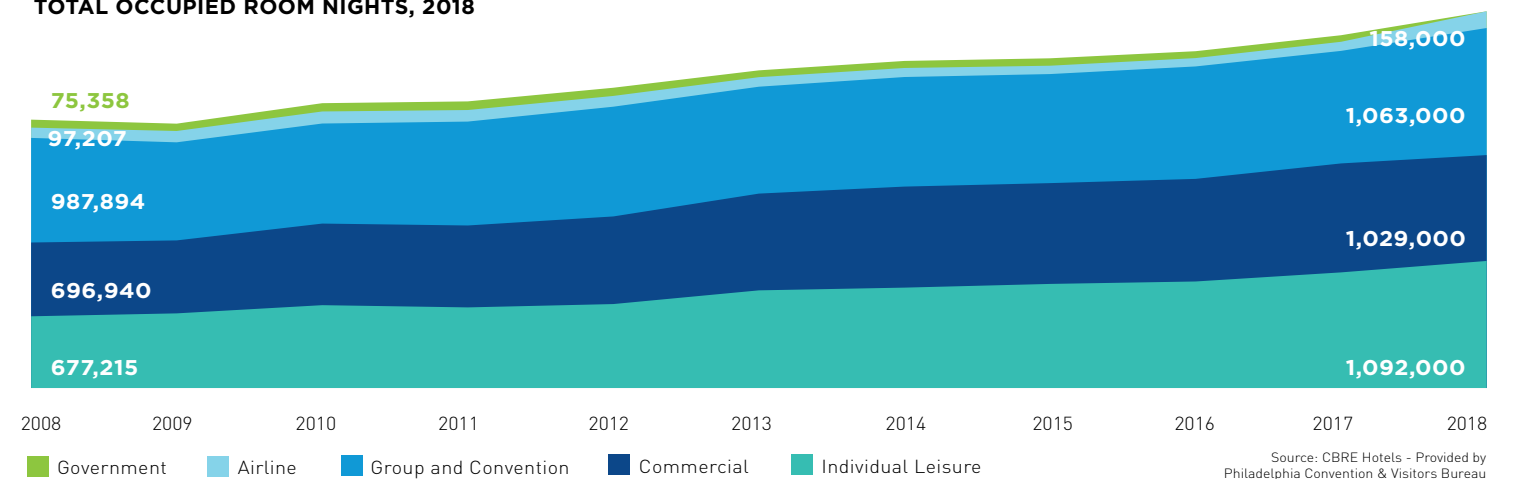
Source: Longwoods International 2017 Travel USA Survey - Provided by Visit Philadelphia

### ALL REGIONAL VISITOR SPENDING, 2018



### OCCUPIED CENTER CITY HOTEL ROOMS BY PURPOSE OF TRIP, 2018

**3.6 Million**  
TOTAL OCCUPIED ROOM NIGHTS, 2018



Source: CBRE Hotels - Provided by Philadelphia Convention & Visitors Bureau

Older hotels are responding with rebranding and renovations. After the completion of an \$8 million renovation, Hyatt will be repositioning The Bellevue as part of their newly launched Unbound Collection, while the Hilton Philadelphia at Penn's Landing recently completed a two-year, \$15 million property-wide redesign and Le Meridien recently invested \$1 million in upgrades that better positioned the hotel to cater to a millennial audience.

Additionally, the former Omni Hotel, now known as The Franklin by Marriott, underwent a multimillion-dollar renovation after its acquisition by the Buccini/Pollin Group. The Independence Visitor Center also invested \$15 million to expand its gift shop, open a Hershey's-branded cafe and upgrade its events space and terrace overlooking Independence Mall, which was completed in 2018.

With tourists increasingly viewing Philadelphia as a travel destination of choice, retail demand generated by visitors will continue to grow in the years to come.

## 4) College Students

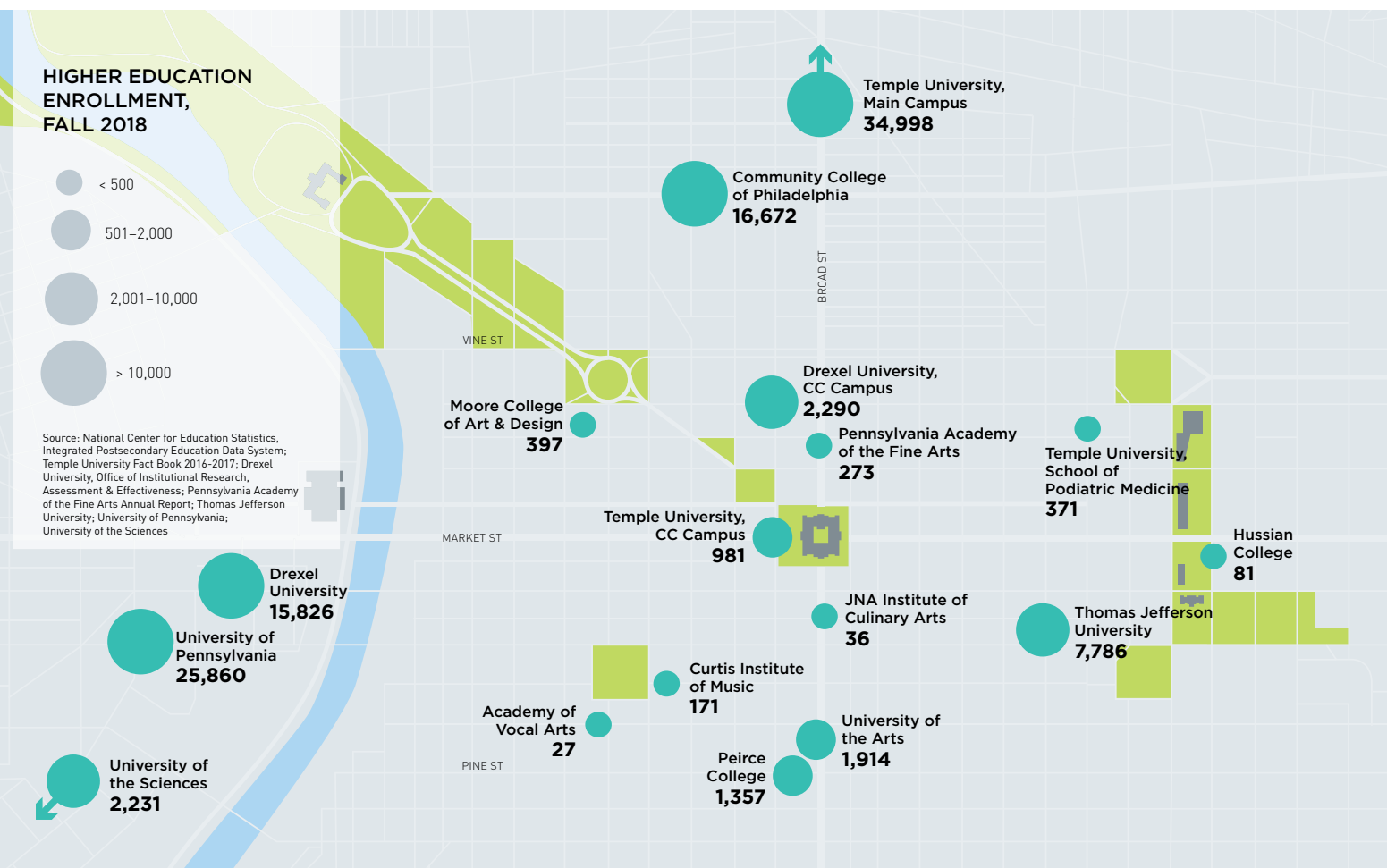
Center City's 13 institutions of higher education welcomed more than 32,300 students in 2018. University City's Drexel University, University of Pennsylvania (Penn), and University of the Sciences, along with Temple University's main campus in North Philadelphia drew 78,915 additional students to areas immediately adjacent to downtown. This large student population seeks out apartments to rent and stores for shopping downtown. They patronize bars, cafés and restaurants and visit museums, movie theaters and cultural institutions. College and graduate students, along with medical school interns, represent an important demand driver for retail, restaurants and entertainment offerings in Center City.

The 93,000 degrees conferred annually at regional institutions of higher learning also represent a strong potential pipeline of highly educated workers for Philadelphia – and Center City in particular – if they choose to stay. According to Campus Philly, 54% of Philadelphia graduates who attended schools from 2010-2014 chose to remain in the city, up from 49% who attended from 2005-2009 and chose to stay.<sup>14</sup> These students provide a steady supply of well-educated workers for city employers, become occupants for Center City's expanding housing options, and help drive downtown's consumer economy.

### HIGHER EDUCATION ENROLLMENT, FALL 2016

Temple University, Main Campus	34,998
University of Pennsylvania	25,860
Community College of Philadelphia	16,672
Drexel University, Main Campus	15,826
Thomas Jefferson University	7,786
University of the Sciences	2,231
Drexel University, Center City Campus	2,290
University of the Arts	1,914
Peirce College	1,357
Temple University, Center City Campus	981
Moore College of Art & Design	397
Temple University, School of Podiatric Medicine	371
Pennsylvania Academy of the Fine Arts	273
Curtis Institute of Music	171
Hussian College	81
JNA Institute of Culinary Arts	36
Academy of Vocal Arts	27
<b>Center City Total</b>	<b>32,356</b>
<b>Outside Center City Total</b>	<b>78,915</b>
<b>TOTAL</b>	<b>111,271</b>

14: Campus Philly



**Greater Philadelphia ranks 4th in the nation for the number of higher education degrees granted per year, with 92,874 in the 2016-17 academic year, from associate degree to post-graduate level.**

MATT STANLEY



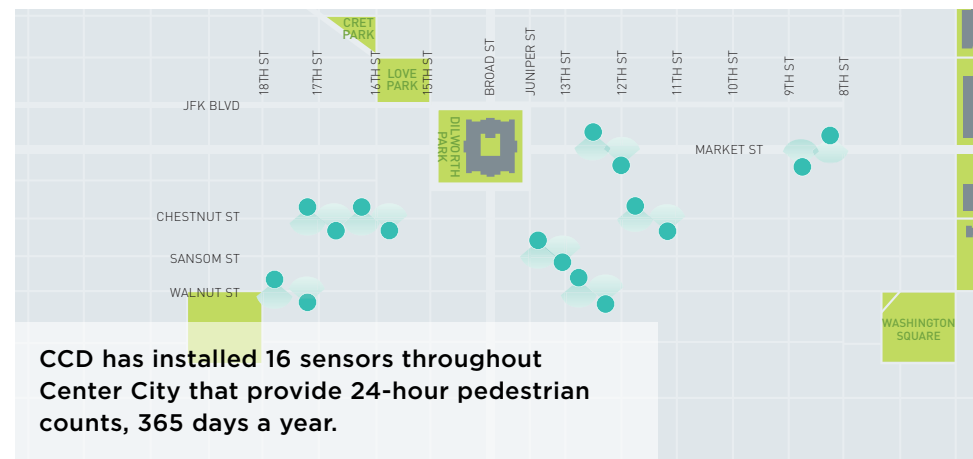


# Retail Drives Foot Traffic

Philadelphia's 24-hour downtown has the second largest residential population in the country and generates significant foot traffic on retail streets. While most of Center City's pedestrian traffic peaks during the week around lunchtime and late afternoon when residents, workers and visitors congregate downtown, the area between Rittenhouse Square and Broad Street remains animated through the weekend and during evening hours, emphasizing its role as a destination for retail and entertainment.

West Chestnut Street has always seen strong pedestrian traffic on weekdays because of its proximity to workers in the West Market Street office district. However, with the expansion of the Rittenhouse Row retail district and the critical mass of retailers that have opened stores on West Chestnut, pedestrian counts have soared. Foot traffic on West Chestnut Street now equals or surpasses that of West Walnut Street, clearly signaling that destination

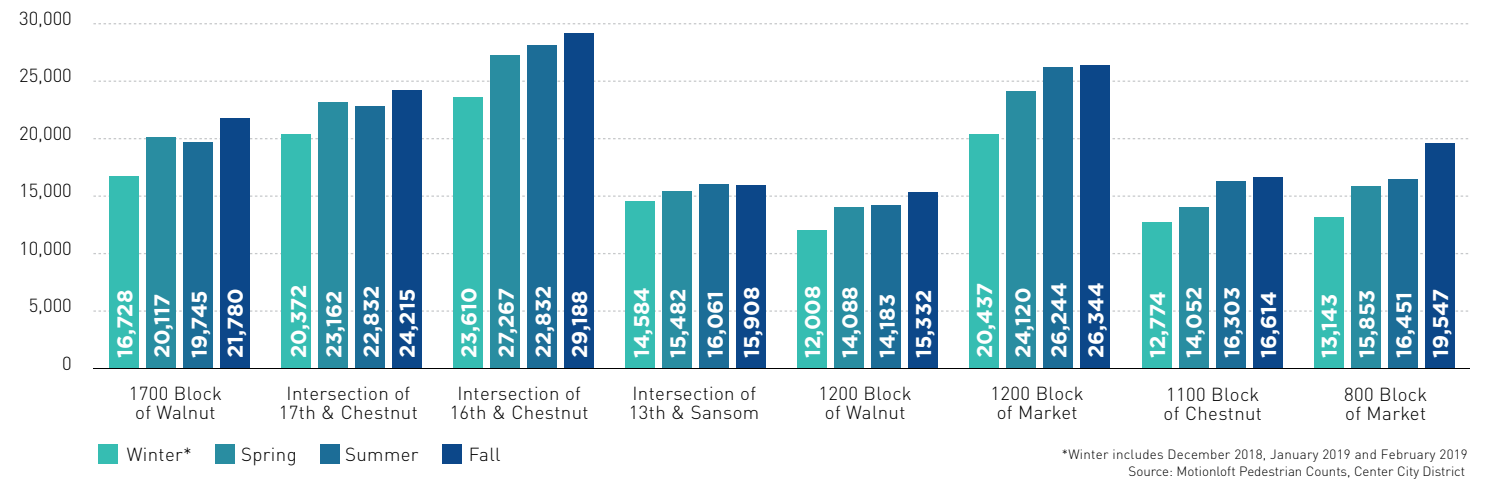
## SENSOR LOCATIONS FOR 24-HOUR PEDESTRIAN COUNTS



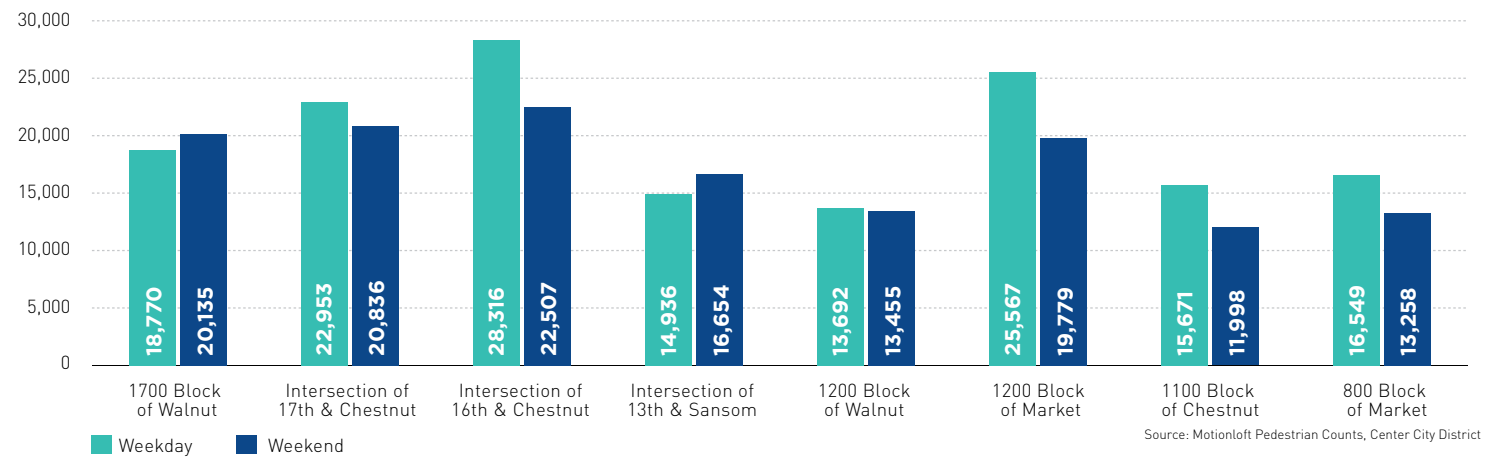
retailers can locate almost anywhere in Center City's walkable downtown and shoppers will follow. Significant investments in this corridor are solidifying its position as the city's premier retail district. From Boyd's \$10 million store renovation and addition of a service-forward cosmetics department, to Di Bruno Bros.'

new *Alimentari* wine bar and café on its second floor, to retail and dining components in recently opened developments like The Harper and Pod Philly hotel, the West Chestnut Street corridor continues to build momentum.

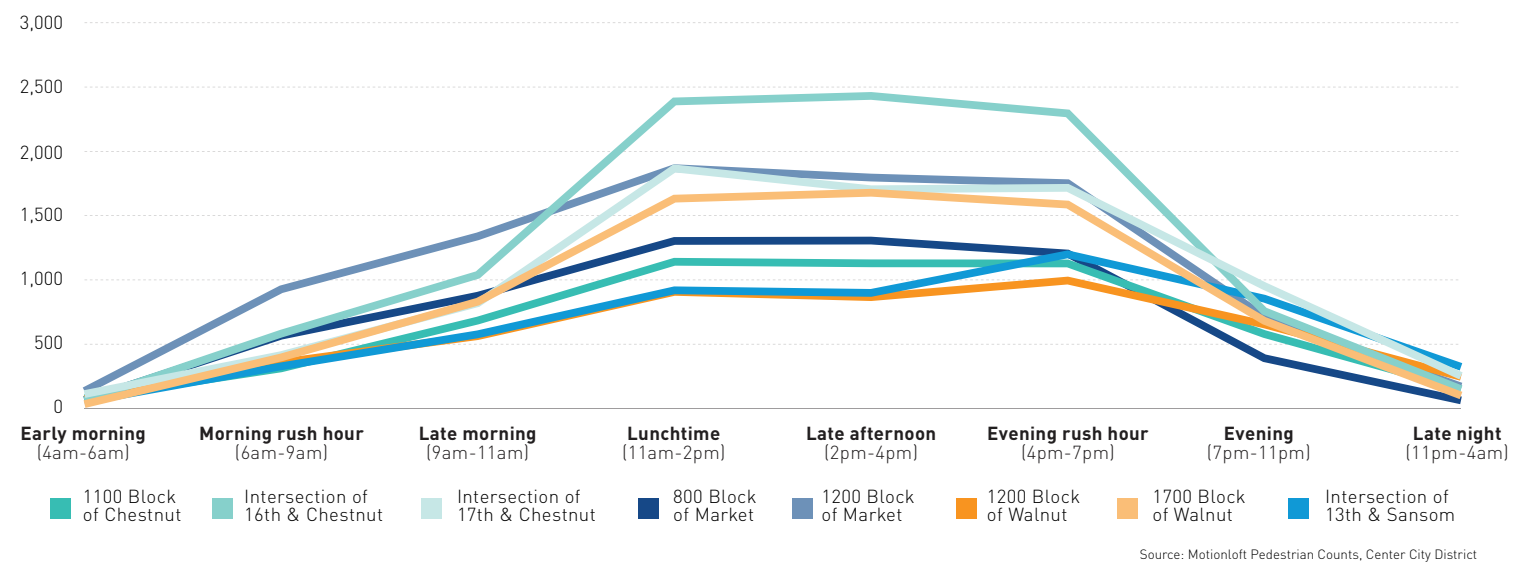
## AVERAGE DAILY PEDESTRIAN ACTIVITY BY SEASON, DECEMBER 2018 - OCTOBER 2019

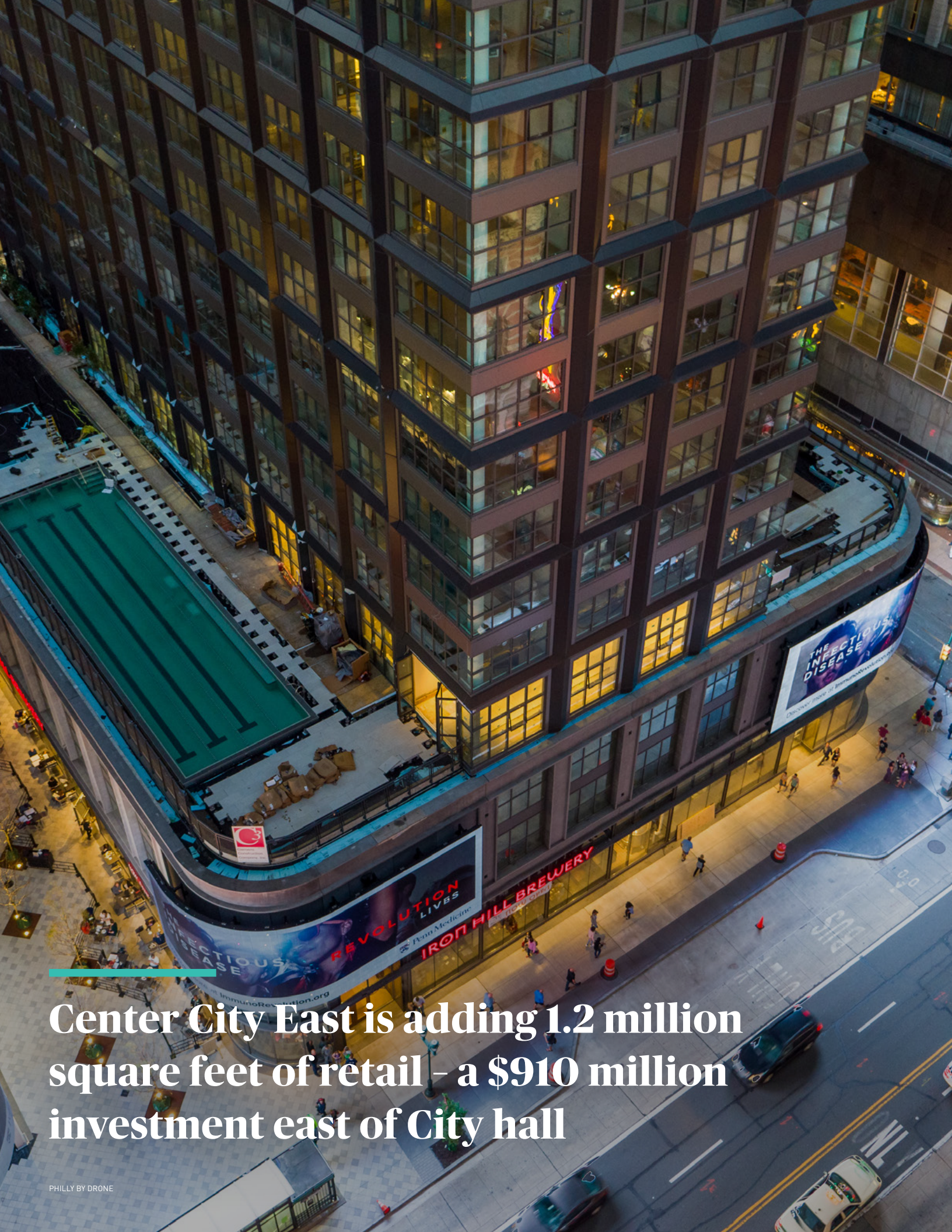


## AVERAGE DAILY PEDESTRIAN ACTIVITY BY WEEKDAY/WEEKEND, DECEMBER 2018 - OCTOBER 2019



## AVERAGE HOURLY PEDESTRIAN ACTIVITY BY TIME OF DAY, DECEMBER 2018 - OCTOBER 2019





**Center City East is adding 1.2 million square feet of retail – a \$910 million investment east of City hall**



## Retail Development: Creating Center City's Next Retail District

Strong retail demand is driving development east of Broad Street, where under-utilized properties are being redeveloped to their full potential. While Center City's prime retail district is west of Broad Street, adjacent to Rittenhouse Square, both local boutiques seeking lower rents and national tenants desiring larger floor plates are locating east of Broad Street. A number of large projects, including both renovations and new ground-up construction, are satisfying this demand and filling in the spaces be-

tween primary shopping streets to create a seamless connection between the city's main retail and tourism corridors.

The east side of Center City offers access to one of the largest urban markets in the country with abundant transit connections and tourists, with less barrier to entry than similar markets. With retail rents averaging \$50/sf, Market East topped JLL's list of the 10 most affordable and desirable prime urban retail corridors in the United States in 2018, beating locations in Chicago, Seattle,

San Francisco, Miami and Washington, D.C.<sup>15</sup> Retailers and entertainment venues like AMC Theatres, City Winery, Mom's Organic Market, TJ Maxx, Iron Hill Brewery & Restaurant, Levi's, Nike and H&M have locked in lower rents in this up-and-coming neighborhood and are capitalizing on the future transformation of Market East into Center City's next retail district.

15: "City Retail: Understanding North America's Prime Urban Corridors." JLL, 2018



## 1) Fashion District Philadelphia

**Location:** Northern blocks of Market Street between 8th and 11th streets

**Developer:** PREIT & Macerich

**Size:** 838,000 sf of retail

**Investment:** \$420 million

**Status:** Open

In July 2014, California-based retail developer Macerich acquired a 50% interest in The Gallery. PREIT and Macerich are now repositioning the urban mall into the updated Fashion District Philadelphia. Opening in phases, the renovation has created a well-lit and easily accessible three-block corridor of 125 new stores, including unique and new-to-market dining and entertainment options. The new retail development offers a mix of style, dining, entertainment and arts & culture, in response to how customers are choosing to shop. Apparel tenants include Century 21, DSW, Kate Spade, and H&M, as well as outlet concepts for Levi's, Nike, Armani Exchange and Columbia Sportswear. Dining and entertainment tenants include AMC Theatres, Candytopia, City Winery, Oath Pizza and Yards Brewing Company. The project also includes \$1 million in commissioned art installations, a three-year collaboration with Philadelphia-based nonprofit programs, and Uniquely

Philly, a curated collection of Philadelphia offerings creating opportunity for local businesses to establish a Center City presence and capitalize on the foot traffic of Fashion District.

The \$420 million redevelopment is reconfiguring the 1.4 million square foot, mixed-use facility into a bright, new contemporary space that welcomes shoppers and reconnects to Market and Filbert streets with accessible storefronts, sidewalk cafés, a new streetscape, digital signage and graphics. The highlight of the newly reimagined space is the glass-walled cube at Ninth and Market that welcomes tourists, office workers, conventioners, and residents with a brightly-lit, transparent entrance. For locals and tourists alike, extensive amenities, onsite parking and access to Philadelphia's three major public transit systems provide convenience and accessibility.

Fashion District Philadelphia is transforming Market East into an attractive place to shop, dine and seek out entertainment. It is a key piece in the revitalization of the city's historic department store district and is renewing Market East's position as one of Philadelphia's prime retail corridors. Increased investment in this corridor will continue to attract new retail and dining options as pedestrian volumes increase with the completion and phased future openings of the Fashion District.



## 2) East Market

**Location:** City block between 11th and 12th streets, Market and Chestnut streets

**Developer:** National Real Estate Development

**Owner:** National Real Estate Advisors, JOSS Realty Partners, Young Capital, SSH Real Estate

**Size:** 105,000 sf of retail

**Investment:** \$700 million (Phase I and Phase II)

**Status:** Q4 2018 completion (Phase I and Phase II)

East Market, a \$700-million-plus mixed-use project, is upgrading Philadelphia's downtown retail district east of Broad Street. The project has completely revamped an entire city block between 11th and 12th, Market and Chestnut streets, once home to Snellenburg's department store, by creating and enhancing pedestrian-oriented retail both along Market Street and former alleys on Ludlow and Clover streets.

Now complete, Phase I of the project included the construction of 562 new rental apartments, 60 extended stay ROOST hotel rooms and 105,000 sf of retail including large-format digital signage along Market Street. Also included in Phase I was the redevelopment of an existing eight-story office building into a

175,106 sf modern Class A warehouse office space that is now home to the Marketplace Design Center and Bohlin Cywinski Jackson architects. Retailers that have opened in the development include Mom's Organic Market, TJ Maxx, Iron Hill Brewery & Restaurant, AT&T, District Taco, and local favorites like Federal Donuts and Wawa. The entire site features below-grade parking spaces and a central loading facility.

Currently under construction, the historic Stephen Girard Building is being converted into a 236-room Canopy by Hilton boutique hotel. The second phase of the project is just getting underway and includes the demolition of an existing mixed-use building on the 1100 block of Chestnut Street, to be replaced by two mixed-use towers, one of which will include medical offices while the other will include apartments. The project includes interior walkways and a reopened Ludlow Street, contributing to the revitalization and expansion of the Market East retail district, as well as connecting it to the vibrant Midtown Village retail district just south of the project.

### 3) The Collins

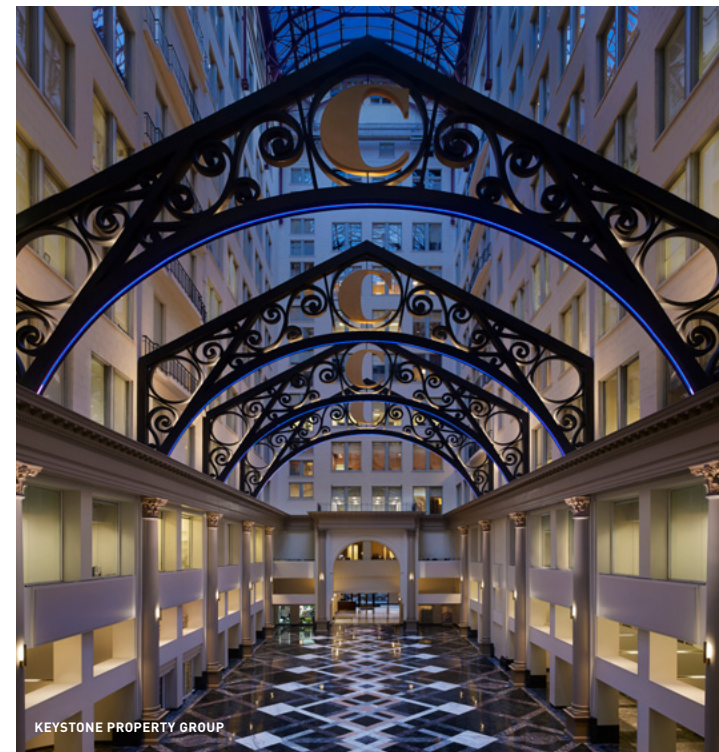
**Location:** 1112-1128 Chestnut Street  
**Developer:** Brickstone Realty  
**Size:** 95,000 sf of retail  
**Investment:** \$75 million  
**Completion:** Summer 2016

Brickstone Realty's The Collins on the 1100 block of Chestnut Street spans five parcels and includes 112 high-end rental units and 95,000 sf of commercial space, with dedicated parking for retail. Target opened its 19,000 square foot store in the development in the summer of 2016, marking brand's first foray into Center City. Other tenants include a 14,000 sf Fine Wine & Good Spirits Premium Collection store and a 20,000 sf PetSmart. This project is extending the vibrancy of the Midtown Village retail district east along Chestnut Street and will connect foot traffic to Market Street, as National Real Estate Development's nearby project comes to completion.

Brickstone has acquired several other key properties in the vicinity, including: 1021 Chestnut, a 9,500 sf building it plans to convert into coworking space; The Steele

Building, which was recently redeveloped into coworking space for The Yard and retail space for local healthy restaurant chain Honeygrow; 106-114 South 11th Street, a 16,000 sf mixed-use building with residential units and retail tenants Devon Blakely and Wrap Shack; the historic Hale Building at 1326 Chestnut, which houses a Spaces coworking location and will host a multi-story food and beverage tenant; 1108-1110 Chestnut, a 16,800 sf building that will include 7,200 sf of retail and office space on floors two through five; and a parking garage at 12th and Sansom streets, which it plans to redevelop into a luxury senior housing high-rise.

This critical mass of redevelopment is expanding a new vibrant, mixed-use district east of Broad with a built-in office and residential customer base, and together with National's East Market project, helping connect the vibrant Midtown Village retail district with Market Street.



### 4) The Curtis

**Location:** 601 Walnut Street  
**Developer:** Keystone Property Group  
**Size:** 45,000 sf of retail  
**Investment:** \$25 million  
**Completion:** June 2018

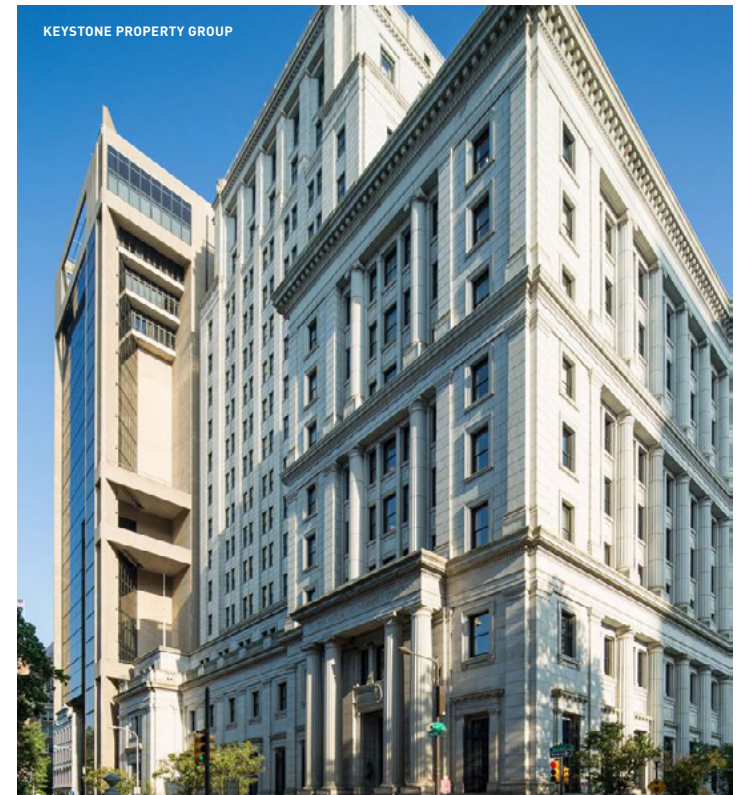
The Curtis Center's \$25 million renovation transformed an older office building adjacent to Washington Square into a mixed-use office, residential and retail development. Keystone Property Group acquired the building for \$125 million in summer 2014 and converted 90,000 sf of vacant office space into 63 luxury apartments and outdoor streetscape improvements. Retail was added on the ground floor and includes celebrated New York restaurant P.J. Clarke's on the corner of 6th and Walnut streets, overlooking both Washington Square and Independence National Historical Park. The building includes a total of 45,000 sf of retail, 700,000 sf of office space and 100,000 sf of residential space.

### 5) The Washington

**Location:** 510-530 Walnut Street  
**Developer:** Keystone Property Group  
**Size:** 20,000 to 40,000 sf of retail  
**Status:** Announced

Keystone Property Group acquired One Washington Square, an 880,000 square foot commercial property fronting both Washington Square and Independence National Historical Park for \$114 million in June 2016. This represents Keystone's latest investment in the historic Independence Mall submarket. The property is located adjacent to The Curtis, Keystone's newly repositioned mixed-use property, and is two blocks from 100 Independence Mall West, which was redeveloped to include a lively indoor-outdoor experience for pedestrians with the popular Independence Beer Garden and a La Colombe coffee shop on the ground-floor.

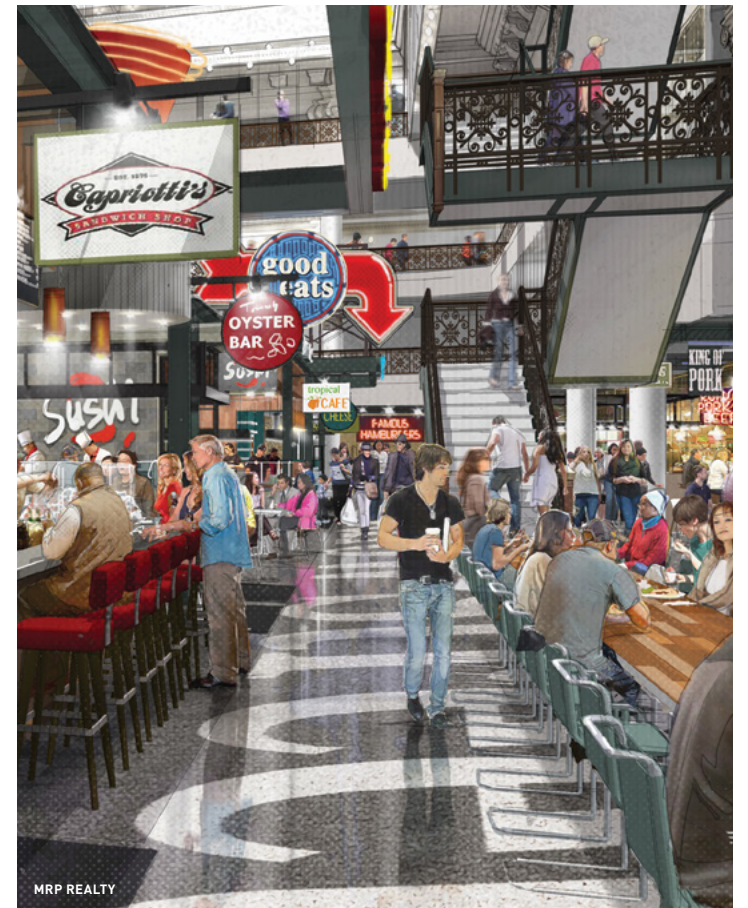
Keystone is seeking to convert the building's ground-floor and mezzanine office space at 530 Walnut Street into retail, reflecting the area's growing workforce and pedestrian traffic. Building on the success of adding retail to other buildings Keystone owns in the vicinity, they are currently marketing 20,000 to 40,000 sf of retail at The Washington.



### 6) Independence Collection

**Location:** 400 Market Street, 325 Chestnut Street, 111 South Independence Mall East and 400 Ranstead Street  
**Developer:** MRP Realty  
**Size:** 45,000 sf of retail  
**Investment:** \$40 million  
**Completion:** November 2018

Washington, D.C.-based MRP Realty purchased an Old City portfolio comprising three office buildings, including The Bourse, a former commodities exchange, and a garage with a movie theater, for \$110 million in December 2015. The developer upgraded the Class B office space with façade renovations, new common areas and amenity spaces, as well as repositioned the ground-floor retail at the Bourse by creating an upscale food hall, similar to New York's Chelsea Market, called The Bourse Marketplace. Food and beverage operators in the space include local and Pennsylvania chef-driven concepts like Baby Buns, Lalo, Bluebird Distilling, Rustica Rosticceria and Ka'moon, as well as D.C. and Baltimore institutions like Prescription Chicken and TaKorean. The food hall serves as an amenity for the office tenants located upstairs and in surrounding buildings, as well as a destination for Center City residents and tourists visiting the historic sites nearby.



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